

BUDGET, FINANCE & INVESTMENT COMMITTEE

June 15, 2009

5:30 P.M.

Courthouse

MINUTES:

Members Present:

Comm. Bob Bullen
Comm. Joe Frank Jernigan
Comm. Will Jordan
Comm. Robert Peay, Jr.
Comm. Steve Sandlin
Comm. Doug Shafer
Comm. Joyce Ealy

Others Present:

Ernest Burgess
Comm. Jeff Jordan
Comm. Jim Daniel
Bill Boner
Truman Jones
Harry Gill
Lisa Nolen

Others Present:

Jeff Sandvig
Regina Nelson
Scott Broden
Elaine Short

Chairman Joyce Ealy presided and called the meeting to order at 5:30 P.M. with Comm. Jernigan being absent at that time.

The purpose of the meeting was to discuss comments made at the Public Hearing and to continue the review of the 2009-10 budget.

APPROVE MINUTES:

The minutes of the May 21, May 27, June 4, and June 9, 2009 Budget Committee meetings were presented for approval.

Comm. Sandlin moved, seconded by Comm. Shafer to approve the minutes as presented. The motion passed unanimously by acclamation with Comm. Jernigan being absent at that time.

GENERAL FUND BUDGET AMENDMENT

ELECTION COMMISSION:

Finance Director Lisa Nolen requested approval of the following budget transfer for the Election Commission due to meeting more than anticipated:

From: 101-51500-169 – Part Time Personnel -	\$825
To: 101-51500-192 – Election Commission -	\$825

Comm. Bullen moved, seconded by Comm. Peay to approve the budget transfer for the Election Commission as requested. The motion passed by roll call vote with Comm. Jernigan being absent at that time.

PUBLIC HEARING:

Chairman Ealy advised that nine people spoke at the public hearing with the majority speaking in favor of the schools' budget and the school system. She stated that the comments appealed for no further cuts to the schools budget, to consider the students first and foremost, and many people move to Rutherford County because of the excellent school system. She stated that there was a comment about the schools' fund balance and how the money was used. Mr. Sandvig gave an explanation about the schools fund balance requirement advising that when the fund balance was above the requirement the funds were used for capital projects. One speaker had a concern about the increase in the property tax as she had recently purchased a house, but she was also concerned that pay raises for school employees were going to be frozen.

Chairman Ealy stated that another speaker questioned the appraisal for apartment buildings and believed that apartment buildings were not carrying their fair share of the tax load.

Comm. Shafer advised that apartment buildings are assessed at 40%, and that was according to state law.

Mayor Burgess advised that Mrs. Taylor in his office had called Mr. Norman and cited him the state code.

Comm. Shafer also advised that the value of the majority of apartments were assessed on an income approach as to the actual income the apartments receive as opposed to the cost of the buildings. He stated that caused the value to fluctuate somewhat.

Chairman Ealy advised that one gentleman was concerned about the lack of property rights. He specifically referred to the Planning Commission.

Comm. Sandlin advised that the Planning Commission was in the process of revising its' zoning ordinance, which was much needed. He stated that people still had property rights. He stated there were codes and zoning laws to protect other citizens, neighbors, and communities. He stated as long as citizens complied with the codes, they could build what they wanted to build.

Comm. Peay commented about the fund balances and wanted to clarify that there were fund balance requirements for the General Fund, Debt Service Fund and the General Purpose School Fund. He stated if the fund balances for every agency were considered it would be approximately \$69 million. He pointed out that the county could not use the Highway fund balance or the School Board's fund balance and that money was earmarked for specific things.

The Finance Director explained the difference in a county government's property tax rate allocation and a city government's property tax rate.

2009-10 BUDGET REVIEW:

Chairman Ealy advised the committee that if they wanted to make any changes to any part of the 2009-10 budget it should be done at this meeting.

The Finance Director advised that no changes had been made to the 2009-10 General Fund budget since the last meeting with projected revenue totaling \$64,333,720 and estimated expenditures totaling \$65,180,901. She advised that as proposed \$847,181 of the General Fund balance would be used. She stated that if the committee wanted to balance the revenue to the expenditures an additional 1.6 cents would be needed. The budget as presented complied with the county's fund balance policy.

Comm. Bullen stated that the committee could choose to add an additional penny to balance the General Fund budget, but he asked the Mayor if he was hoping that the revenue would pick up and that the budget would be balanced by the end of the 2010 Fiscal Year.

Mayor Burgess stated that he was not necessarily expecting the revenue to pick up, be that hopefully there would be approximately \$1 million that would not be spent in the current year budget, which would make up for the \$847,181.

The Finance Director advised that no changes had been made to Fund 116, Solid Waste/Sanitation Fund with projected revenue totaling \$2,661,005 and estimated expenditures totaling \$3,257,440.

The Finance Director advised that no changes had been made to Fund 118, Ambulance Service Fund with projected revenue totaling \$10,324,838 and estimated expenditures totaling \$9,890,087.

There were no changes to Fund 119, Industrial/Economic Development Fund with projected revenue totaling \$113,366 and estimated expenditures totaling \$219,944.

There were no changes to Fund 122, Drug Control Fund, with projected revenue totaling \$628,000 and estimated expenditures totaling \$854,133.

There were no changes to Fund 125, Development Tax Fund, with projected revenue totaling \$1,050,000 and estimated expenditures totaling \$1,200,500.

There were no changes to Fund 131, Highway Fund, with projected revenue totaling \$7,980,529 and estimated expenditures totaling \$9,356,150.

The Finance Director advised that there was a slight change to the estimated revenue in Fund 141, General Purpose School Fund. There was a net decrease of \$13,358 for Career Ladder and Extended Contract resulting in total projected revenue of \$242,770,481. The estimated expenditures totaled \$242,757,755 as previously approved by the Budget Committee.

Comm. Sandlin asked about the General Purpose Schools' ending fund balance, and noted that it appeared that there could be approximately \$1 million over the 3% requirement.

Mayor Burgess stated that he believed the Budget Committee's reduction of \$875,000 was a fair approach. He stated that even though there was \$1 million additional in the fund balance, it was only 3.4%. He stated that would not allow much room. He stated he thought it would be reasonable to accept the proposal.

The Finance Director stated that she was also concerned about the sales tax revenue and if it did not perform.

The Finance Director advised that there were no changes to Fund 143, Central Cafeteria Fund, with projected revenue totaling \$14,519,150 and estimated expenditures totaling \$14,124,300.

There were no changes to Fund 177, Education Capital Projects, with projected revenue totaling \$2,255,024, and estimated expenditures totaling \$2,234,204.

The Finance Director advised that the last adjustment to the penny based on the new assessments would result in additional revenue for Fund 151, Debt Service Fund, in the amount of \$346,937 resulting in total projected revenue of \$41,374,326. With the increase in the penny, the Debt Service Fund is virtually balanced with estimated expenditures totaling \$41,389,093. She advised that the newspaper publication and the public hearing reflected the revised totals.

The Statement of Estimated Operations reflected total projected revenue for all funds of \$388,010,439 and estimated expenditures of \$390,464,507 with a proposed 17.5 cents increase to the property tax levy from \$2.56 to \$2.735.

Comm. Bullen stated that since the legislature had not set the state budget, what could they do that would cause the need for changes to the county's budget.

Mayor Burgess stated he did not believe that the state was going to do anything this year that would have a material affect on the county's budget. He stated that the state might not send as many state felons to the jail, which would reduce the overall census, but he stated that he did not believe they were going to reduce the reimbursement rate of \$35. He stated that he did not believe the state was going to do anything to BEP this year.

Comm. Sandlin asked Mr. Gill what the school board had decided about helping out with the wheel tax when the students register.

Mr. Gill stated that the school board would be discussing that at their next meeting. He stated that one possibility was that when students registered their cars for parking permits proof of the wheel tax could be requested at that time. He stated they were also going to speak to Officer Kennedy about the possibility of the SRO's spot checking the parking lots. He stated that he did not think they could solve the entire problem, but they could participate in some form.

Comm. Shafer noted that not including the schools' budget, all of the other budgets reflected less funding for 2009-2010 than they had for 2008-2009. Regarding the schools' budget, he stated

that Rutherford County was the fastest growing county in the state, plus a new school was being opened.

Mr. Gill stated that their anticipated increase was approximately \$10 million due to increased utilities, and an increase in employee insurance, and the opening of the new school. However, the budget was only increasing by \$7.7 million. He stated that the school system had reduced their spending by \$2.5 million also.

Comm. Jernigan stated that the budget reflected fewer employees, plus no employees were receiving pay increases, and additionally the health insurance was increasing, so therefore, the employees would be taking home less money next year than this year.

ADJOURNMENT:

Chairman Ealy noted that the next meeting would be Wednesday, June 24 at which time the committee would consider the Appropriation Resolution and the Tax Levy Resolution.

There being no further business to be presented at this time, Chairman Ealy declared the meeting adjourned at 6:00 P.M.

Elaine Short, Secretary